

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

AARON RUBENSTEIN,

No. 16-cv-2935

Plaintiff,

(ECF CASE)

v.

LANNETT CO., INC.,

Defendant.

Plaintiff Aaron Rubenstein (“Plaintiff”), by his attorney, as and for his complaint herein respectfully alleges as follows on knowledge as to himself and his own acts and on information and belief as to all other matters:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this action pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 (“Section 16(b)”), 15 U.S.C. § 78p(b), and Section 78aa, and other relevant sections.

2. Venue is proper in this Court pursuant to Section 27 of the Securities Exchange Act, 15 U.S.C. § 78aa. The Common Stock of Lannett Co., Inc. (“Lannett,” or the “Company”) is traded on the NASDAQ through market makers located within this District. Services giving rise to the recovery recited herein at the Claim for Relief were rendered in whole or in part within this District.

THE PARTIES

3. At all relevant times, Lannett was and is a Pennsylvania corporation with principal offices at 9000 State Road, Philadelphia PA 19136.

4. At all relevant times, the issued and outstanding shares of common stock of Lannett were registered pursuant to Section 12(b) of the Securities Exchange Act, 15 U.S.C. § 78l(b), and directors, officers and 10% shareholders of Lannett were subject to reporting and compliance under Section 16 of the Securities Exchange Act, 15 U.S.C. § 78p.

5. At all relevant times, Arthur P. Bedrosian was CEO and a member of the Board of Directors of Lannett, and an “insider” subject to the “short swing” trading restrictions of Section 16(b).

6. Plaintiff Aaron Rubenstein is a Rhode Island resident and a shareholder of Lannett.

CLAIM FOR RELIEF

7. Bedrosian, while an insider of Lannett, sold 5,000 shares of Lanett Common Stock on September 15, 2015 at a price of \$55.64 per share.

8. Bedrosian, while an insider of Lannett, purchased 4,500 shares of Lannett Common Stock on February 5, 2016, at a price of \$24.91 per share.

9. By reason of the foregoing purchases and sales Bedrosian realized short swing profits recoverable by or on behalf of Lannett of roughly \$138,285.

10. Plaintiff, through counsel, made demand upon the Board of Directors of Lannett on February 8, 2016, for the recovery of all such profits.

11. Plaintiff retained such counsel for the purpose of investigating the transactions effected in Lannett securities by its officers, directors and 10% shareholders to determine whether any such transactions came within the purview of Section 16(b); to determine and calculate the profits, if any, realized by such officers, directors, or 10% shareholders, and the nature and extent of their statutory liability; to make proper statutory demand on Lannett

requesting that it institute suit against any of its officers, directors, or 10% shareholders for the recovery of such statutory profits; to furnish Lannett with information as might be necessary or proper for the commencement and prosecution of such action; and to prepare all necessary pleadings, proofs, and papers necessary or proper for the commencement of such suit in the event that Lannett failed or refused to institute such action or failed diligently to prosecute the same.

12. Plaintiff agreed to pay a fair and reasonable counsel fee to his counsel for legal services rendered, contingent upon the Company's reimbursing Plaintiff in the amount of such legal fees so incurred.

13. Plaintiff's counsel undertook to perform all legal services required pursuant to his retainer by Plaintiff, investigated the applicable law, ascertained that the transactions of Bedrosian in Company securities had been made in violation of Section 16(b), and computed and determined that Bedrosian had realized profits recoverable by Lannett in accordance with the applicable provisions of Section 16(b). After these services had been rendered, Plaintiff, through counsel, on February 8, 2016, made written demand delivered via email on the same day to Lannett, requesting that Lannett act to recover all short swing trading profits of Bedrosian under Section 16(b).

14. As a result of Plaintiff's demand letter, Lannett collected \$138,285 from Bedrosian.

15. Plaintiff's counsel, without prejudice to further fees to be earned hereby, has requested from Lannett a legal fee of \$34,571, or approximately 25% of the benefit received by Lannett to date. Lannett has not responded to that request.

16. Upon information and belief, by reason of its receipt and acceptance of the legal services rendered and communicated to Lannett by Plaintiff's counsel, and the Company's subsequent actions taken pursuant thereto, Lannett ratified and confirmed the right and authority granted by Section 16(b) Plaintiff Aaron Rubenstein and his counsel to render the aforesaid services for and on behalf of Lannett.

17. Upon information and belief, Lannett has knowingly received, accepted and retained the benefits of the services rendered by Plaintiff through his counsel, and has realized the aggregate amount of \$138,285, which it would not otherwise have realized but for such services.

18. Plaintiff is entitled to recover from Lannett a fair and reasonable fee for his counsel for services contingently undertaken and incurred in performing those services and in taking the steps which resulted in the Company's recovery of short swing profits from Bedrosian in the amount of \$138,285. Plaintiff seeks no personal benefit but brings this action to recover the expenses contingently incurred by him in an amount of the reasonable value of the legal services rendered by his counsel and solely for the purpose of paying for those services.

19. Upon information and belief, and in view of the amount of benefit conferred upon Lannett, the fair and reasonable value of the legal services rendered to date, and not in prejudice of further fees to be earned hereby, by Plaintiff's counsel in this matter is \$34,571.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment:

- (a) Against Lannett to the benefit of Plaintiff's counsel for past services and benefits as described in the Claim for Relief in the amount of \$34,571 inclusive of out-of-pocket costs and disbursements, together with the costs of this action;

(b) For such other, further, and/or different relief as the court may deem just and proper.

Dated: New York, New York
April 20, 2016

s/ Miriam Tauber

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